TAXATION DEPARTMENT

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National Tax Law

Motions EATC-S / EATC-N "Ensuring legal certainty in the implementation of the OECD minimum taxation"

Executive Summary

Motions 25.4392 and 25.4399 call for a time limit on the application of the OECD guidance of January 15, 2025, regarding Article 9.1 of the GloBE Model Rules. The motions were adopted by both chambers during the winter session and thus referred to the Federal Council. SwissHoldings points out the risk of losing the qualified status for the minimum tax, which would entail significant risks such as double taxation and increased administrative burdens for affected companies. The consultation draft takes this into account. Therefore, SwissHoldings supports the proposed implementation.

Content

The two identical motions (25.4392 and 25.4399) aim to limit the application of the OECD guidance of January 15, 2025, regarding Article 9.1 of the GloBE Model Rules to a specific timeframe. The guidance should apply only to tax incentives and the resulting deferred tax credits granted after the beginning of 2025. The guidance should not apply to tax incentives granted earlier, even if these lead to a reduction or even a complete elimination of any Swiss minimum tax, particularly in the years 2026 through 2033.

State

The two identical motions were adopted by their respective chambers during the winter session.

At its meeting on May 6, 2026, the Federal Council launched the consultation process on the amendment to the Ordinance on Minimum Taxation. The draft provides for a limited non-application of the OECD guideline of January 2025, restricted to the year 2024.

Outlook

The consultation period runs until July 14, 2026 (SwissHoldings' statement). The amendments are scheduled to take effect immediately following the Federal Council's decision on the ordinance amendment.

Position

If Switzerland were to waive the taxation prescribed by the aforementioned guidelines, as demanded by the motions—by means of the Swiss supplementary tax (QDMTT), the Swiss minimum tax could no longer be considered qualified. This would lead to significant disadvantages for many Swiss companies affected by the OECD minimum tax (double taxation, significantly increased administrative burden, etc.). For this reason, SwissHoldings and nearly all of its member companies rejected the motions.

The implementation proposed by the Federal Council in the consultation draft takes these risks for Swiss companies into account and limits the non-application of the guideline to the year 2024. This narrow interpretation should minimize the harm to Switzerland and not jeopardize the Q-State of the Swiss minimum tax. The proposed implementation will not affect the vast majority of SwissHoldings' member companies at all. Only Swiss subsidiaries with a foreign parent company in a minimum tax jurisdiction could be affected. For these reasons, SwissHoldings supports the proposed implementation. However, we firmly oppose extending the non-application of the directive beyond the year 2024. Such an extension would lead to a multitude of problems with foreign countries.

Motions to strengthen Switzerland's attractiveness as a business location

Executive Summary

Three motions, each of which was submitted to both chambers, aim to strengthen Switzerland's attractiveness as a business location. The motions from the two EATCs(25.4393 and 25.4400) as well as a motion by Councillor of States Mühlemann (25.4265) were adopted by both chambers and referred to the Federal Council. The motion Mühlemann (25.4264) was rejected by the National Council. The two Silberschmidt motions (identical to the Mühlemann motions) were adopted by the National Council and are expected to be debated by the EATC-S on August 31. SwissHoldings expressly welcomes the motions. In particular, the substance-based tax incentives—which have recently been approved by the OECD as compliant with minimum tax requirements—should be examined more closely.

Content

The six motions, respectively three motions submitted identically to both chambers share the same goal: to strengthen Switzerland's attractiveness as a business location.

Motions 25.4192 and 25.4264, submitted by Councillor of States Benjamin Mühlemann and National Councillor Andri Silberschmidt, call on the Federal Council to take measures to boost corporate investment in Switzerland and thereby improve economic momentum. In particular, the Federal Council is to examine accelerated depreciation and tax credits for large investments in order to specifically reduce investment costs in Switzerland.

Motions 25.4191 and 25.4265, also submitted by Councillor of States Benjamin Mühlemann and National Councillor Andri Silberschmidt, call on the Federal Council to take measures to encourage companies to conduct more research, development, and production in Switzerland and to market their products and services worldwide. In particular, additional tax deductions for production costs and new tax credits for research and development activities should be considered.

Motions 25.4393 and 25.4400 from the two EATCs call on the Federal Council to develop a strategy to sustainably increase Switzerland's attractiveness as a business location.

State

During the last winter session, the four Mühlemann/Silberschmidt motions were adopted by the first chamber.

During the summer session, Motion 25.4264 was rejected by the National Council and is therefore considered settled; Motion 25.4265, however, was adopted by the National Council and was thus referred to the Federal Council.

The two identical motions from the EATC-N and EATC-S were both adopted and thus referred to the Federal Council.

Outlook

The Silberschmidt motions are expected to be debated in the EATC-S on August 31.

Position

Even though it is not yet apparent in current tax revenues or the federal government's forecasts, Switzerland's attractiveness as a business location is under significant pressure. Especially among the top taxpayers, new investment decisions are almost entirely favoring locations other than Switzerland. Furthermore, most internationally active companies are gradually scaling back their operations in Switzerland and strengthening their functions in more attractive locations. In other words: The erosion of Switzerland's tax and other locational advantages is having an increasingly significant impact. Without countermeasures, the federal government's currently positive budget outlook is likely to be obsolete in four to five years. SwissHoldings therefore explicitly welcomes the efforts outlined in the motions to restore Switzerland's tax appeal and advocates for the swift introduction of new, internationally permissible instruments in Switzerland as well.

The motions propose various approaches as promising ways to enhance the country's attractiveness as a business location. In particular, the substance-based tax incentives, recently approved by the OECD as compliant with minimum tax requirements, should be examined more closely. They allow for tax relief specifically for companies with substance such as those that conduct research, development, and production in Switzerland and distribute their products and services worldwide and promote the creation and retention of skilled jobs in particular (e.g., in the areas of R&D&I, high-value-added production, etc.). In our view, it would be difficult to understand why the Federal Council and Parliament would not make use of this new, internationally permissible instrument.

International Tax Law

OECD/G20 Project on Taxation of the Digital Economy

Executive Summary

The OECD/G20 project on the taxation of the digital economy includes a profit redistribution mechanism (Pillar 1) and the introduction of a 15% global minimum tax for large corporations (Pillar 2). While Pillar 1 remains stalled, Pillar 2 – the global minimum tax – has already been implemented by various countries, including Switzerland. In January 2026, the OECD published the so-called "side-by-side" package, which effectively exempts U.S. companies from the OECD minimum tax by recognizing the U.S. system. Among other things, the package also includes OECD-compliant tax relief on labor costs and investments. SwissHoldings is advocating for Switzerland to take measures as quickly as possible so that it can take advantage of these new opportunities to strengthen its own attractiveness as a business location.

Content

The OECD project on the taxation of the digital economy aims to improve acceptance of international corporate taxation. The project is being advanced within the framework of the "OECD/G20 Inclusive Framework on BEPS" (hereinafter: IF), which encompasses over 140 countries. It consists of two pillars. Pillar 1 focuses on a greater redistribution of profits from the world's approximately 200 most successful multinational corporations from their home countries to the countries where they operate. Pillar 2 focuses on the introduction of a minimum corporate tax rate of 15% for all multinational corporations with revenue of at least 750 million euros.

State

The implementation of Pillar 1 has so far not progressed beyond discussions at the OECD level. Pillar 2, the global minimum tax, has been fully or partially implemented by over 60 countries, including the EU and Switzerland. However, the majority of IF member states have still not implemented any of the three minimum tax elements (QDMTT, IIR, and UTPR). These include economic powerhouses such as the U.S., China, and India.

In January 2026, the OECD published the **"side-by-side" package**, which was approved by all IF member states and will take effect starting with the 2026 fiscal year. This package includes the so-called SbS Safe Harbor, the exemption from the OECD minimum tax required by the U.S. It is possible that in the future, other countries such as Brazil, China, and possibly India will seek to meet the requirements for the SbS Safe Harbor in order to benefit from its advantages. In addition to the SbS Safe Harbor, the package includes further adjustments:

- Ultimate Parent Entity (UPE) Safe Harbor: This provides an exemption from the application of the UTPR in the country of the group's parent company and could be attractive to large countries (e.g., India) that have not yet introduced the minimum tax and have many corporate groups that are active both domestically and in oth -minimum-tax countries.

- Simplified ETR Safe Harbor: This provides simplifications for calculating the complex minimum tax requirements. The OECD also intends to develop further simplifications.
- Transitional CbCR Safe Harbor: This existing safe harbor, already used by many multinational corporations, provides for simplified calculations and may now be used for an additional year (2027).
- Substance-Based Tax Incentive Safe Harbor: Finally, the SbS package grants countries the option to provide tax deductions that comply with the minimum tax rules. Specifically, companies may fall below the minimum tax threshold by either 5.5% of their total payroll costs in a country or by 5.5% of their depreciation on property, plant, and equipment (or by 1% of their property, plant, and equipment holdings) in a country. These new so-called substance-based tax incentives thus allow companies with substance (personnel, property, plant, and equipment) to receive significant tax relief depending on their situation and to promote the creation and retention of qualified jobs in particular (e.g., in the areas of R&D&I, DEMPE, high-value-added manufacturing, etc.). However, countries must incorporate the new deductions into their domestic law. If this is done, then even a tax rate below 15% does not constitute a violation of the minimum tax.

Finally, the SbS package includes the announcement of a stocktake for the year 2029, the conduct of new peer reviews, and the reaffirmation of the importance of QDMTTs. It is clearly stated that discriminatory and conditional supplementary taxes imposed by other countries do not have to be recognized as so-called "covered taxes."

Outlook

Over the course of 2026, the IF is expected to adopt further important guidelines:

- Simplifications to the Simplified ETR Safe Harbor.
- Adjustments to the GloBE Information Return (GIR).
- Guidance on Related Benefits: This is intended to establish the rules under which countries may provide subsidies, refundable tax credits (QRTCs), and other benefits to companies, particularly those subject to the minimum tax.
- Rules for dispute resolution.
- Rules for conducting comprehensive peer reviews will be established.

At the same time, various countries are likely to initiate legislative projects to incorporate new provisions of the SbS package into national law, particularly to enhance their attractiveness as business locations by utilizing the new substance-based tax incentives. Switzerland's competitors, in particular, are working intensively to advance such projects so that they can offer interested international companies attractive investment conditions and legal certainty as quickly as possible.

Position

The OECD minimum tax, combined with the strong Swiss franc, poses enormous challenges for Switzerland as a business location and requires an urgent, targeted refinement of its business location policy. At the same time, the OECD minimum tax is an international reality to which Switzerland must adapt in the long term. A withdrawal by Switzerland is therefore not a viable option. Rather, the federal government and the cantons should leverage the opportunities offered by the SbS package as quickly and effectively as possible to strengthen Switzerland's competitiveness in the long term.

Switzerland's goal should be to specifically strengthen and further expand its appeal for research, development, and innovation activities. Particular emphasis should be placed on the country's appeal for intellectual property (patents, trademark rights, etc.) as well as for high-value-added and thus fiscally lucrative decision-making functions. The goal must be to once again attract more promising business projects back to Switzerland.

Switzerland must take targeted steps to strengthen its competitiveness and ensure attractive tax revenues in the long term by boldly and swiftly pursuing new approaches. In this context, the consistent use of OECD-compliant instruments, such as substance-based tax incentives, is of central importance. Likewise, the Qualified Refundable Tax Credits (QRTCs), which are expressly provided for under the OECD minimum tax and are already being successfully used by other jurisdictions, such as Singapore, should be examined.

Amendment Protocol to the Agreement between Switzerland and the European Union on the Automatic Exchange of Information (AEOI Agreement)

Executive Summary

The automatic exchange of information (AEOI) between Switzerland and the EU is being aligned with the revised OECD Standard through a Protocol of Amendment, while the existing provisions – in particular Article 9 on withholding tax exemptions between affiliated companies – remain unchanged. Article 9 is a key location factor for many internationally active Swiss industrial and service companies when choosing Switzerland as a location for their headquarters, research, development, IP, and financing. The Federal Council published the dispatch on the agreement on June 24, 2026. SwissHoldings had previously submitted a

statement and supports the ratification of the amendment protocol to the AEOI Agreement with the EU.

Content

Since 2017, the Automatic Exchange of Information (AEOI) between Switzerland and the EU has governed the mutual exchange of financial account data to promote tax compliance in cross-border situations. An amending protocol will now align the existing agreement with the revised OECD standard, which Switzerland will implement starting in 2026. Provisions on mutual administrative assistance in the collection of value-added tax claims are also being added, with minimum thresholds and flat-rate cost reimbursements designed to limit the administrative burden. The agreement's existing provisions, particularly those regarding withholding tax exemptions (Art. 9) between affiliated companies, remain unchanged.

State

The consultation period for the AEOI Agreement ran until February 6, 2026. SwissHoldings submitted a comment (see SwissHoldings' comment).

At its meeting on June 24, 2026, the Federal Council adopted the dispatch on the Protocol of Amendment to the Agreement between Switzerland and the European Union (EU) on the Automatic Exchange of Information on Financial Accounts to Promote Tax Compliance in International Matters.

Outlook

The Protocol of Amendment will be submitted to Parliament for approval no earlier than during the fall session.

Position

SwissHoldings supports the ratification of the Protocol of Amendment to the AEOI Agreement with the EU. ttaches great importance to the AEOI Agreement with the EU due to the benefits of Article 9 for many internationally active Swiss industrial and service companies. Article 9 of the AEOI Agreement is a key location factor for Switzerland as a headquarters and principal location, as well as for its role as a center for research, development, intellectual property, and financing, and thus for many of the most important taxpayers of the federal government, and the cantons. The elimination of this provision as a result of non-ratification of the amending protocol would permanently undermine Switzerland's attractiveness as a business location and lead to higher foreign withholding taxes as well as significantly lower tax revenues in Switzerland. Article 9 is particularly relevant where there are substantive gaps in the bilateral double taxation treaties with individual EU member states, especially in relation to Italy.

Double Taxation Agreements

Executive Summary

Double taxation agreements are a central pillar of Switzerland's international investment policy. They prevent double taxation, provide legal certainty, and facilitate cross-border investment. The treaty with Zimbabwe is currently under parliamentary review.

SwissHoldings expressly supports the strategic expansion and modernization of the DTA network.

Contents

Double taxation agreements (DTAs) are bilateral agreements between countries that regulate taxing rights between the contracting parties, thereby preventing companies or individuals from being taxed on the same income in two countries. They establish clear rules for cross-border economic activities and reduce tax uncertainties. For Switzerland, DTAs are a central component of its international investment policy, as they facilitate investment and improve access to foreign markets. Companies benefit in particular from legal certainty, predictable tax burdens, and dispute resolution mechanisms. Overall, DTAs contribute significantly to positioning Switzerland as an attractive location for headquarters, investment, and research.

State

Switzerland has an extensive, global network of double taxation treaties, which is continuously being expanded and modernized. The following agreement is currently undergoing the parliamentary process:

- Double Taxation Agreement between Switzerland and Zimbabwe (25.083). The Council of States approved the federal resolution on the ratification of a double taxation agreement between Switzerland and Zimbabwe with 39 votes in favor and 3 against during the summer session.

These agreements are generally based on the OECD Model Tax Convention and increasingly incorporate the standards of the BEPS project. In addition to new agreements, there is also a focus on revising existing DTAs to take international developments and requirements into account. Overall, Switzerland is thus pursuing an active and ongoing DTA policy.

Outlook

The EATC-N will discuss the DTA with Zimbabwe (25.083) at its meeting on August 17–18, and it is expected to be considered by the National Council during the fall session.

Position

SwissHoldings considers a broad, modern, and reliable network of DTAs to be a key locational advantage for Switzerland. From the perspective of its internationally active member companies, the benefits of DTAs extend far beyond the reduction of withholding taxes and lie, in particular, in stable and predictable framework conditions for investments and operational activities.

An effective network of DTAs offers the following advantages in particular:

- Legal certainty and a reliable tax framework for companies engaged in cross-border activities.

- Avoidance of double taxation and a clear allocation of taxation rights between countries.
- Access to mutual agreement procedures (MAP) and advance pricing agreements (APA) to prevent and resolve tax disputes.
- Protection against discriminatory or arbitrary taxation.
- Improved predictability and calculability of investments, particularly in growth markets.

These elements play a key role in reducing tax disputes and promoting sustainable international investment.

SwissHoldings therefore expressly supports the strategic expansion of the DTA network as well as the ongoing modernization of existing agreements in line with international standards. Especially in emerging markets and countries with less stable tax frameworks, DTAs create tangible added value by facilitating market entry and reducing investment risks.

Furthermore, it reflects the reality of today's negotiations that new agreements do not align with Switzerland's ideal vision in every respect. However, a balanced and workable agreement is clearly preferable to the absence of any DTA protection. What matters is an overall assessment in which the benefits for Switzerland as a business location and its companies outweigh the drawbacks.